

AMENDED IN ASSEMBLY JULY 6, 1999

AMENDED IN SENATE MAY 28, 1999

AMENDED IN SENATE APRIL 29, 1999

AMENDED IN SENATE APRIL 15, 1999

AMENDED IN SENATE MARCH 10, 1999

SENATE BILL

No. 42

Introduced by Senator ~~Speier~~ Johnson
(~~Coauthor: Senator Brulte~~)

December 7, 1998

An act to amend Section ~~17273~~ of, 62.2 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 42, as amended, ~~Speier~~ Johnson. ~~Income taxes: health insurance~~ Property taxes: mobilehome parks.

Existing property tax law requires the reassessment of real property at fair market value upon a change in ownership and specifies those transfers of real property that constitute a change in ownership. Existing law also excludes from classification as a change in ownership any transfer, on or after January 1, 1989, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, or other entity, including a governmental entity if, within 18 months after this transfer the mobilehome park, or at least 51% of the individual rental spaces in that park, are then subject to a

subsequent transfer that is itself excluded by specified statutory provisions from classification as a change in ownership. Existing law extends this 18-month period to 36 months in the case of a mobilehome park for which the first transfer occurred on or after January 1, 1993.

This bill would expand both of these exclusions to also apply in the case in which the first transfer is made to a tenant-in-common ownership group, and would, for purposes of applying the 36-month time period for the subsequent transfer of a mobilehome park that was first transferred on or after January 1, 1993, specify that the execution of a purchase contract and the opening of an escrow for the transfer of a rental space in the park is deemed to be within the 36-month time period if the escrow is opened before the end of that 36-month period and remains open for no more than 6 months after the end of that period.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

~~The Personal Income Tax Law, by reference to specified federal statutes, for taxable years beginning on or after January 1, 1999, allows a deduction for 40% of the amount paid or incurred during the taxable year by a self-employed individual for insurance that constitutes medical care for the taxpayer and his or her spouse and dependents. Existing federal law incrementally increases that deduction to certain percentage rates. Under federal law, a 60% deduction is allowed for taxable years beginning in calendar year 1999 through 2001, a 70% deduction is allowed for taxable years beginning in calendar year 2002, and a 100% deduction is allowed for taxable years beginning in calendar year 2003 or thereafter.~~

~~This bill would conform the deduction allowed under the Personal Income Tax Law to the applicable federal~~

~~percentage of the amount paid or incurred for taxable years beginning on or after January 1, 1999.~~

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 17273 of the Revenue and~~
2 ~~Taxation Code is amended to read:~~

3 ~~17273. For each taxable year beginning on or after~~
4 ~~January 1, 1999, Section 162(l)(1) of the Internal~~
5 ~~Revenue Code, relating to applicable percentage, is~~
6 ~~modified to provide that Section 2002 of the Tax and~~
7 ~~Trade Relief Extension Act of 1998 (P.L. 105-277),~~
8 ~~relating to phasein of a 100-percent deduction for health~~
9 ~~insurance, shall apply.~~

10 ~~SEC. 2.—~~

11 *SECTION 1. Section 62.2 of the Revenue and*
12 *Taxation Code is amended to read:*

13 62.2. (a) ~~Change~~ (1) *Subject to paragraph (2),*
14 *change in ownership shall not include any transfer on or*
15 *after January 1, 1989, of a mobilehome park to a nonprofit*
16 *corporation, stock cooperative corporation,*
17 *tenant-in-common ownership group, or any other entity,*
18 *including a governmental entity, if, within 18 months*
19 *after the transfer, the mobilehome park is transferred by*
20 *that corporation or other entity, including a*
21 *governmental entity, to a nonprofit corporation, stock*
22 *cooperative corporation, or other entity formed by the*
23 *tenants of the mobilehome park in a transaction that is*
24 *excluded from change in ownership by subdivision (a) of*
25 *Section 62.1, or at least 51 percent of the mobilehome*
26 *park rental spaces are transferred to the individual*
27 *tenants of those spaces in a transaction excluded from*
28 *change in ownership by subdivision (b) of Section 62.1.*

29 ~~Any~~

30 (2) (A) *Any mobilehome park that was initially*
31 *transferred on or after January 1, 1993, to a nonprofit*
32 *corporation, stock cooperative corporation,*

1 *tenant-in-common ownership group, or any other entity,*
2 *including a governmental entity, that is subsequently*
3 *transferred within 36 months of that initial transfer as*
4 *provided ~~under this subdivision in paragraph (1),~~ shall*
5 *qualify for the exclusion from change in ownership*
6 *pursuant to this subdivision. In applying the 36-month*
7 *limit specified in the preceding sentence to the*
8 *subsequent transfer to an individual tenant, as provided*
9 *in paragraph (1), of a rental space in a mobilehome park*
10 *that was initially transferred on or after January 1, 1995,*
11 *to a nonprofit corporation, stock cooperative corporation,*
12 *tenant-in-common ownership group, or any other entity,*
13 *the execution of a purchase contract and the opening of*
14 *a bona fide purchase escrow with a licensed escrow agent*
15 *shall be deemed to transfer the rental space in*
16 *compliance with that 36-month limit, provided that both*
17 *of the following conditions are met:*

18 *(i) The escrow is opened prior to the expiration of the*
19 *36-month time period.*

20 *(ii) The escrow closes on a date no later than six*
21 *months after the end of the 36-month time period.*

22 *(B) A mobilehome park located within a disaster area*
23 *that was initially transferred on or after October 1, 1991,*
24 *and before October 31, 1991, to a nonprofit corporation,*
25 *stock cooperative corporation, or other entity, that is*
26 *subsequently transferred within 76 months of that initial*
27 *transfer as provided ~~under this subdivision in paragraph~~*
28 *(1), shall qualify for the exclusion from change in*
29 *ownership pursuant to this subdivision. For purposes of*
30 *the preceding sentence, “mobilehome park located*
31 *within a disaster area” means a mobilehome park that is*
32 *located in the County of Los Angeles in an area for which*
33 *both of the following apply:*

34 ~~(1)–~~

35 *(i) The Governor, as a result of the January 17, 1994,*
36 *Northridge earthquake, has declared the area to be in a*
37 *state of disaster and certified the area’s need for*
38 *assistance.*

39 ~~(2)–~~

(ii) The President of the United States has, pursuant to federal law, determined the area to be in a state of major disaster.

The exclusion from change in ownership pursuant to this ~~section~~ *subdivision* of a mobilehome park located within a disaster area shall be effective commencing with the 1995–96 fiscal year, and shall not require any affected county to refund any amount of property tax levied with respect to a mobilehome park for the period from October 1, 1991, to June 30, 1995, inclusive.

(b) With respect to any transfer of any mobilehome park on or after January 1, 1989, subject to this section, the individual tenants who are renting at least a majority of the spaces in the mobilehome park prior to the transfer to the entity formed by the tenants for the acquisition of the park shall participate in the transaction through the ownership of an aggregate of at least a majority of voting stock of, or other ownership or membership interest in, that entity.

(c) This section shall not apply if any fees charged the mobilehome park tenants in connection with either the first or second transfer exceed 15 percent of the total consideration paid for the mobilehome park in the first transfer, plus any accrued interest and taxes.

(d) If the assessor is notified in writing at the time the transferee files the change in ownership statement that the transferee intends to qualify the transfer under this section, the mobilehome park shall not be reappraised pending satisfaction of the relevant conditions set forth in this section for exclusion from change in ownership. If the transferee fails to satisfy those conditions, the assessor shall reappraise the mobilehome park and levy escape assessments or supplemental assessments, as appropriate. For escape or supplemental assessments levied pursuant to the preceding sentence with respect to a mobilehome park located within a disaster area, both of the following conditions shall apply:

(1) The limitations period shall be that period specified in either subdivision (b) of Section 532 or subdivision (d) of Section 75.11, as applicable.

1 (2) For purposes of applying the limitations periods
2 specified in paragraph (1), the expiration date of the
3 76-month period specified in subdivision (a) shall be
4 deemed to be the date upon which the initial transfer of
5 the mobilehome park was reported to the assessor.

6 *SEC. 2. Notwithstanding Section 2229 of the Revenue*
7 *and Taxation Code, no appropriation is made by this act*
8 *and the state shall not reimburse any local agency for any*
9 *property tax revenues lost by it pursuant to this act.*

10 *SEC. 3.* This act provides for a tax levy within the
11 meaning of Article IV of the Constitution and shall go into
12 immediate effect.

